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SENATE BILL 552

47TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2005

INTRODUCED BY

H. Diane Snyder

AN ACT

RELATING TO TAXATION; PROVIDING FOR AN INCOME TAX CREDIT FOR
NEW MEXICO RESIDENTS SIXTY-FIVE YEARS OF AGE OR OLDER FOR
UNREIMBURSED EXPENDITURES FOR PRESCRIPTION DRUGS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. A new section of the Income Tax Act is enacted
to read:

"[NEW MATERIAL] INCOME TAX--CREDIT--PRESCRIPTION DRUGS.--

A. Except as otherwise provided in this section,
any resident who files an individual New Mexico income tax
return and who is sixty-five years of age or older may claim,
and the department may allow, a tax credit in an amount not to
exceed seventy-five percent of the taxpayer's actual
unreimbursed expenditures for prescription drugs purchased by
the taxpayer during the taxable year for which the return is

underscored material = new
[bracketed material] = delete

1 filed.

2 B. The credit provided pursuant to this section may
3 be deducted from the taxpayer's New Mexico income tax liability
4 for the taxable year. If the credit exceeds the taxpayer's
5 income tax liability for the taxable year, the excess shall be
6 refunded to the taxpayer.

7 C. A husband and wife who file separate returns for
8 a taxable year in which they could have filed a joint return
9 may each claim only one-half of the credit provided under this
10 section that would have been allowed on a joint return.

11 D. The credit provided pursuant to this section
12 shall not be allowed for an unreimbursed expenditure included
13 in the taxpayer's itemized deductions, as defined in Section 63
14 of the Internal Revenue Code for the taxable year.

15 E. A claim for the credit provided pursuant to this
16 section shall not be filed by a resident who was an inmate of a
17 public institution for more than six months during the taxable
18 year for which the credit could be claimed or who was not
19 physically present in New Mexico for at least six months during
20 the taxable year for which the credit could be claimed.

21 F. As used in this section:

22 (1) "dependent" means "dependent" as defined
23 by Section 152 of the Internal Revenue Code, but also includes
24 a minor child or stepchild of the resident who would be a
25 dependent for federal income tax purposes if the public

.154162.1

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1 assistance contributing to the support of the child or the
2 stepchild was considered to have been contributed by the
3 resident; and

4 (2) "prescription drugs" means insulin and
5 substances that are:

6 (a) dispensed by or under the
7 supervision of a licensed pharmacist or other person authorized
8 under state law to dispense the substance;

9 (b) prescribed for a specified
10 individual by a person authorized under state law to prescribe
11 the substance; and

12 (c) subject to the restrictions on sale
13 contained in 21 U.S.C. 353."

14 Section 2. APPLICABILITY.--The provisions of this act
15 apply to taxable years beginning on or after January 1, 2005.